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SUBJECT: AGENDA FOR NETANYAHU'S FIRST 100 DAYS AND FIRST
VISIT TO WASHINGTON

Classified By: Ambassador James B. Cunningham, Reason 1.4 (b) (d)

¶1. (C) Summary. In a March 11 meeting with the Ambassador and PolCouns, PM-designate Bibi Netanyahu's transition team laid out their agenda for the first one hundred days of the new government, which Netanyahu is expected to announce March 18. The top item on their agenda is passing a budget, which the new government must do within forty-five days. Other items include political, education and internal security reforms, a new approach to peace with the Palestinians, and coordination with the U.S., including an early decision on setting a date for Netanyahu's first visit to Washington. They stressed that Netanyahu must make a decision soon on whether to accept an invitation to address AIPAC's annual conference the first week in May, and asked if that would be a convenient time for the first meeting with the President. If not, they asked that the White House provide an alternative. In response to the Ambassador's comment that Special Envoy Mitchell plans to visit Israel shortly after the new government is formed, they said that while Mitchell will be welcome any time, he should expect his GOI interlocutors to be largely in listening mode pending the outcome of their review of policy toward the Palestinians. On other issues, they were aware that a decision is pending on settlement expenditures-based deduction from the loan guarantees. They expressed interest in resuming the Strategic Dialogue, reengaging on missile defense, and requested an early briefing on the outcome of the U.S. Iran policy review. End Summary.

¶2. (C) The Ambassador, accompanied by PolCouns, met at their request March 13 with Prime Minister-designate Netanyahu's transition team, headed by Member of Knesset Yuval Steinitz, and including NSC adviser-designate Uzi Arad, strategic adviser Ron Dermer, and likely Director General of the PM's office Izzi Tapuchi, among others. Steinitz noted the importance Netanyahu attaches to Israel's relations with the U.S. was demonstrated by the fact that the U.S. Ambassador was the only ambassador they had requested to meet. Steinitz described their agenda for the first one hundred days of the new government as including immediate focus on passing the budget and addressing the impact on Israel of the world economic crisis; reforms in the areas of the political system, education, and internal security; a review of policy toward the Palestinians including a new emphasis on "economic peace" in the West Bank while deciding how to deal with Gaza; and engagement early on with the U.S. Steinitz stressed the need to decide on a date for Netanyahu's first visit to Washington. April is difficult for Israel due to the Passover holidays early in the month and Holocaust Day, Remembrance Day, and Independence Day all in late April. Steinitz noted that Netanyahu is considering whether to attend the AIPAC conference in Washington in early May. If that timing is not suitable for President Obama, Steinitz asked that the U.S. propose another window.

¶ 3. (C) National Security Adviser-designate Arad noted that the new government's engagement with the U.S. will occur under unusual circumstances, including a new U.S. Administration dealing with an economic crisis, and a new GOI under pressure to make weighty decisions about Iran and the Palestinians. Netanyahu promised a review of Israeli policy toward the Palestinians, and the new GOI will want to tackle that right away. The process will be complicated by the Palestinian reconciliation talks, since Israel will not engage a Palestinian unity government that includes Hamas and does not see a viable replacement for PA Prime Minister Fayyad. The new government will also need to deal with the budget, the economic crisis, the ongoing rocket fire from Gaza and possibly the negotiations over the kidnapped soldier Gilad Shalit if the prisoner exchange issue remains unresolved. The Israeli team noted that in addition to a Netanyahu visit to Washington, the incoming ministers of foreign affairs and defense will want to meet their American counterparts early on.

¶ 4. (C) The Ambassador pointed out that Special Envoy Mitchell has expressed interest in visiting Israel shortly after the formation of the new government, possibly before Passover (Note: Passover begins at sunset on April 8.) The Israelis responded that while the review of Palestinian policy will just be getting underway, Mitchell will be welcome whenever he wants to visit, with the understanding that the Israeli side will be largely in listening mode. The Ambassador said Mitchell will want to present U.S. views and ideas about what needs to be done as early as possible, and Arad suggested Mitchell might return for a more substantive exchange before Netanyahu goes to Washington.

¶ 5. (C) The Israelis asked about Iran policy, including Senior Adviser Dennis Ross's role. The Ambassador said that Ross is working with an interagency team to pull together a global Iran strategy. Asked if the new GOI should invite Ross to visit, the Ambassador responded that when the policy review is complete, the U.S. intends to consult Israel and our Arab allies, as well as other key players. Steinitz said Israel will want to present its views on Iran and learn what it can expect from the U.S. as soon as possible.

¶ 6. (C) Dermer mentioned Netanyahu's possible interest in using the loan guarantees program, and asked if the U.S. had decided to take a deduction based on GOI expenditures on settlements. The Ambassador replied that there has been discussion of a deduction of about one billion dollars, but a decision has not been made.

¶ 7. (C) Other areas of interest included the resumption of the strategic dialogue and a renewed discussion of missile defense issues. Regarding the strategic dialogue, Arad said a session should be held in Israel before the summer. He suggested we start planning dates without waiting for the new government to decide who will head the Israeli side. Steinitz commented that the missile threat to Israel is increasing and said the new government will likely want to accelerate the Arrow III program. The Ambassador said we had recently conducted some exchanges on missile defense and the upcoming Joint Political-Military Group and Defense Policy Advisory Group meetings could provide a good opportunity to resume these discussions with the new GOI. Steinitz said Israel's civil aviation problems were on their agenda as well. The Ambassador said the problem must be fixed by Israel. General Rom has a plan but he will need the backing of the new government. The Ambassador added that we also have issues with Israel on Intellectual Property Rights and Trafficking in Persons that are not as high profile but will need to be addressed.

¶ 8. (C) On economic issues, Dermer said that Netanyahu is not a socialist and may "go against the grain" of the worldwide response. Tapuchi noted there may be opportunities for Israeli companies to participate in President Obama's plans to reform health care and protect the environment. Steinitz expressed his "faith in America" and stressed Netanyahu's

desire to raise the level of cooperation with the U.S.

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